



Budget Watchdog

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Defense Appropriations Bill Does Not Fund the Full Costs of Defense in 2004 - Omits Money for Iraq and Afghanistan

Earlier this year, Democrats highlighted the fact that the President's budget and the Republican budget resolution are not credible budgets. We noted that neither the President's budget nor the House or Senate budget resolutions contained any money to pay for the costs of a war in Iraq or the ongoing war on terrorism in Afghanistan and other countries. In March, the President submitted a \$74.8 billion supplemental for these costs, and \$74.8 billion was added to the budget resolution in conference. But this addressed only those costs for 2003.

Today, the House takes up a defense appropriations bill for 2004 that like the President's budget and the budget resolution, does not reflect the true extent of defense spending and understates the deficit – already reaching record levels – by excluding the costs of military operations in Iraq and Afghanistan that are certain to continue into fiscal year 2004.

Democrats support the Defense Appropriations bill. It appropriates money that is needed to support our military, many in harm's way, deployed around the world. But everyone should be aware that the Administration and the Republican leadership are not revealing the real cost of national defense in this bill. Much more will be needed before 2004 is over.

This bill contains no funding for the incremental cost of the war against terrorism in Afghanistan and other countries (Operation Enduring Freedom) or for the post-war costs of our operations in Iraq. The Department of Defense acknowledges informally that it is spending \$5 billion a month on these operations: \$3.9 billion per month in Iraq and \$1.1 billion per month for the war on terrorism in Afghanistan and

other areas. At this rate, the unfunded cost of these operations for 2004 could be \$60 billion. The Department of Defense acknowledges that it will be seeking supplemental funds later in the next fiscal year, but denies that the amount will be \$60 billion.

This bill actually cuts the funding Congress provided for Iraq in our last supplemental. Section 8120 of the Defense Appropriations bill rescinds \$2 billion of the funds Congress provided for Iraq just three months ago. This is not done because the military does not need this money. These funds were made available for both 2003 and 2004, so even if any of the funds in the supplemental were not needed in 2003, they could have been used to start paying for military operations in 2004. At the current rate of operations, the \$2 billion being diverted by this rescission would pay for about two weeks of our presence in Iraq.

Why rescind these funds? This all traces back to the budget resolution, where Republicans claimed that they were controlling spending, and at the same time hid the impact of their budget on specific programs.

While claiming increases for veterans health care and other programs in its budget resolution, they called in the same resolution for a \$7.6 billion "undistributed reduction" in 2004 discretionary spending. The Appropriations Committee is left with the task of allocating that \$7.6 billion reduction. So, \$2 billion is cut out of the defense supplemental, knowing that another supplemental will be coming, in which the \$2 billion rescission can easily be restored. This is really just another way to circumvent the budget resolution.